

95 00066

# MORTGAGE ASSISTANCE PROGRAM



## For First-Time Homebuyers

February 1994



## CITY OF OAKLAND



## FIRST-TIME HOMEBUYERS MORTGAGE ASSISTANCE PROGRAM

### PROGRAM DESCRIPTION

The City of Oakland's First-Time Homebuyers Mortgage Assistance Program operates jointly with participating lenders to assist lower-income, first-time homebuyers to purchase homes in the City of Oakland.

Through funds received from the federal HOME program, the City of Oakland will lend qualifying homebuyers the amount needed (as determined by a participating lender) up to \$35,000 to purchase a home. These loans are second mortgages with payments deferred. No monthly payments are required. The City provides these loans to create homeownership opportunities for households who otherwise could not afford to buy a home.

### LOAN TERMS

The City program provides second mortgages with the following terms:

- **\$35,000 MAXIMUM ASSISTANCE:** The City provides up to \$35,000 to qualified homebuyers. The participating lenders determine the amount of assistance needed from the City. This amount will be calculated by subtracting the amount of the first mortgage and the borrower's downpayment from the total acquisition cost of the home (purchase price plus the closing costs). The total of the City loan plus the first mortgage cannot exceed 97% of the appraised value of the property. The City loan will be secured by a deed of trust against the property

## FOR MORE INFORMATION

For more information contact any of the participating lenders (see insert). The participating lenders are available to help you prequalify for a bank loan and to see if you are eligible for and need a City Mortgage Assistance Program loan. For other information, contact the City of Oakland's Office of Housing and Neighborhood Development (OHND) at (510) 238-7486, or write the First-Time Homebuyers Programs Coordinator, 300 Lakeside Drive, 15th Floor, Oakland, CA 94612.



**EQUAL HOUSING  
OPPORTUNITY**

- **ONLY 3% DOWNPAYMENT:** The participating lenders require a minimum downpayment of 3% of the purchase price from the borrower's own funds.

- **95% FIRST MORTGAGES:** Participating lenders will make mortgage loans for up to 95% of the purchase price based on the borrower's ability to pay for monthly housing costs.

- **MORTGAGE CREDIT CERTIFICATES:** The City's loan may be combined with Mortgage Credit Certificates. Homebuyers are encouraged to request that the participating lender apply to the County of Alameda for Mortgage Credit Certificates on their behalf since the certificates will allow the homebuyer to qualify for a higher first mortgage amount and effectively reduce their interest rate.



- **NO MONTHLY PAYMENTS:** Repayment of the City's loan is deferred while the homebuyer lives in the home, i.e., there are no monthly payments. The City loan becomes due when the borrower sells, transfers, refinances the property (under certain conditions) or converts the home to rental property. If the borrower occupies the property continuously for 20 years, the City loan does not have to be repaid.

- **SHARED EQUITY:** In lieu of interest, the City shares in any appreciation in the value of the property based on its share of the total equity invested in the property. The City's equity investment is the second





mortgage loan amount. The borrower's equity investment includes the downpayment, payments on the principal of the first mortgage loan, and eligible capital improvements. This means that over time the borrower's equity share increases as the first mortgage is repaid.

## ELIGIBLE BORROWERS

Borrowers must be first-time homebuyers, meaning they have not owned a home during the previous three years. There are several exceptions, including:

- An individual who worked primarily in the home, owned a home with a previous spouse, and is currently unemployed or underemployed;
  - A single parent who owned a home with a previous spouse; and
  - A homebuyer who owns or owned a mobile home or trailer, or house which requires repairs which exceed the value of the property.
- Borrowers must be lower-income households based on the household's total gross income (or net income, if self-employed).

### Maximum Allowable Household Income

<u>Household Size</u>	<u>Income</u>
1 person	\$27,800
2 person	\$31,750
3 person	\$35,750
4 person	\$39,700
5 person	\$42,900
6 person	\$46,050

- Borrowers must be owner-occupants (occupy the property as their principal residence).

## APPLICATION PROCESS

1. Contact the City of Oakland's Housing Counseling Services Unit, at (510) 238-3056, or a lender to reserve a space in a first-time homebuyers workshop. Also contact a participating lender (see insert) to pre-qualify for a first mortgage and to determine your eligibility for a City loan.
2. Locate an eligible unit to purchase in the City of Oakland. To do this, you may want to make an appointment with a local realtor of your choice. **Do not enter into a purchase contract before consulting with a participating lender to make sure that the contract includes the required addendum (available from the participating lender or the City).** Also, confirm with your lender that the purchase price does not exceed the loan amount you can afford with City assistance. Then, enter into a written contract to purchase an eligible unit.
3. See your participating lender to apply for a first mortgage and to complete a Mortgage Assistance Program loan application. Submit it to the lender with a non-refundable \$200 application fee. The lender will assist in filling out the application.
4. The Lender will submit the completed Mortgage Assistance Program application to the City for approval. Loans are available on a first-come, first-served basis as applications are approved by the City as long as funds are available. Funds are limited.
5. The City will verify the borrowers' eligibility for the loan.
6. The City will inspect the property for eligibility and to ensure that it meets federal housing quality standards.
7. Any necessary repairs to the property identified by the City's inspectors must be completed prior to the purchase.
8. If the application for a Mortgage Assistance Program loan is approved by the City, the homebuyer(s) will sign the City's loan documents (the Promissory Note and Deed of Trust) in escrow at the title company along with the first mortgage loan documents.
9. The City will provide the Mortgage Assistance Program funds to the title company. The funds will be applied toward the purchase price of the home.

## FOR MORE INFORMATION

For more information contact any of the participating lenders (see insert). The participating lenders are available to help you prequalify for a bank loan and to see if you are eligible for and need a City Mortgage Assistance Program loan. For other information, contact the City of Oakland's Office of Housing and Neighborhood Development (OHND) at (510) 238-7486, or write the First-Time Homebuyers Programs Coordinator, 300 Lakeside Drive, 15th Floor, Oakland, CA 94612.



**EQUAL HOUSING  
OPPORTUNITY**

# City of Oakland

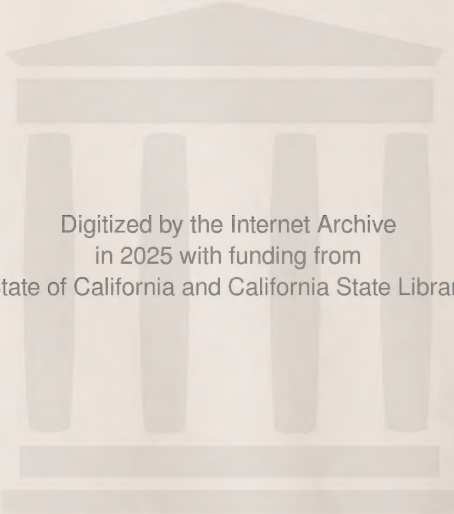
## Mortgage Assistance Program

### Participating Lenders

Lending Institution	Discounts, Points&Fees	MCCS*	Languages Available
<b>American Savings</b> 5132 Telegraph Ave. Oakland, CA 94609 (510) 652-6636 Contact Persons: <b>Arnetta Belger</b> <b>Francine Wayne</b>	30 yr. fixed rate, will offer .20% lower interest or reduce points by 1-1.5; will waive appraisal and credit rpt. fees.	Yes	Spanish
<b>Citibank</b> 180 Grand Ave. Seventh Floor Oakland, CA 94604 (510) 271-8558 Contact Person: <b>Don Parker</b>	No point loans available. 15 yr. and 30 yr. fixed rate priced .25 below market interest rate; will waive closing costs valued at \$475; special downpayment programs.	No	Tagalog
<b>Countrywide</b> 1290 B Street Suite 105 Hayward, CA 94541 Contact Person: <b>Susan Simpson</b> (510) 582-2258	No point loans available. 15 yr. and 30 yr. fixed rate; will waive fees valued at \$500, with total lender fees of \$390	Yes	Spanish Vietnamese Cantonese Mandarin
<b>North American Mortgage</b> City Center Oakland, CA 94612 (510) 893-4040 Contact Person: <b>Susan Jackson</b>	No point, no fee and no cost (non- recurring closing costs paid by lender) loans available. 30 yr. fixed rate, market rate interest, will waive \$500 processing fees; wide array of pricing options.	Yes	Spanish Tagalog
<b>San Francisco Federal</b> 344 20th Street Suite 360 Oakland, CA 94612 (510) 839-2300 Contact Persons: <b>Dottie Benjamin</b> <b>Claudette Naturel</b>	No point and no fee loans available. 30 yr. fixed rate, market rate interest. Half price points (.75pt.) and no other lender fees and possible 40 yr. fixed rate to low income buyers.	Yes	Translation services available

\* MCCS - Mortgage Credit Certificates through Alameda County's Program





Digitized by the Internet Archive  
in 2025 with funding from  
State of California and California State Library

First-Time Homebuyers Programs Coordinator  
Office of Housing and Neighborhood Development  
City of Oakland  
300 Lakeside Drive, 15th Floor  
Oakland, CA 94612

U.C. BERKELEY LIBRARIES



50124882105